

Message Text

UNCLASSIFIED

PAGE 01 CAIRO 00516 161837Z

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ACTION H-03

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R 161540Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1457

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY ALGIERS

AMEMBASSY DAMASCUS

AMEMBASSY TEL AVIV

CINCEUR

UNCLAS CAIRO 0516

PLS PASS TO TOM FLAHERTY IN SENATOR PERCY'S OFFICE

E.O. 11652: NA

TAGS: OREP (PERCY, CHARLES)

SUBJECT: PERCY STATEMENT TO PRESS ON DEPARTURE FROM CAIRO

1. SENATOR CHARLES H. PERCY SAID AT PRESS CONFERENCE PRIOR HIS DEPARTURE FROM CAIRO TODAY, AFTER A THREE DAY OFFICIAL VISIT FOR THE U.S. SENATE FOREIGN RELATIONS COMMITTEE, THAT HE HAD COME TO SEVERAL CONCLUSIONS AFTER A SERIES OF LENGTHY AND PRIVATE INDIVIDUAL TALKS WITH PRESIDENT SADAT AT HIS BARRAGES REST HOUSE, WITH PRIME MINISTER HEGAZY, FOREIGN MINISTER FAHMY, SPEAKER OF THE ASSEMBLY MAR'I, AND THE MINISTERS OF PETROLEUM, HOUSING AND RECONSTRUCTION, AND INTERIOR.

2. PERCY SAID THAT IN HIS CONVERSATIONS HERE, HE WAS AGAIN IMPRESSED BY THE SENSE OF URGENCY ALL OBSERVERS PLACE ON THE DESIRABILITY OF TANGIBLE PROGRESS TOWARD A SETTLEMENT OF THE ARAB-ISRAELI CONFLICT. "IN CAIRO, AS IN THE OTHER MIDDLE EASTERN CAPITALS I HAVE VISITED THESE PAST TWO WEEKS", SAID PERCY, "THERE IS ALMOST A UNANIMOUS FEELING THAT TIME IS RUNNING OUT. NO ONE WANTS ANOTHER WAR; I FEAR, THOUGH, THAT UNLESS THERE IS A BREAKTHROUGH SOON ON THE NEGOTIATING FRONT, TIME, TENSIONS AND EVENTS MAY CONSPIRE

UNCLASSIFIED

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PAGE 02 CAIRO 00516 161837Z

TO IGNITE ANOTHER MAJOR CONFLICT. A FIFTH WAR WOULD NOT ONLY

BE DEVASTATING TO THE PARTIES DIRECTLY INVOLVED, BUT EXTREMELY
DAMAGING TO MUCH OF THE WESTERN WORLD AND JAPAN ALMONG
OTHERS."

3. PERCY SAID THAT THERE IS UNLIKELY TO BE A BETTER OPPORTUNITY
THAN NOW TO NEGOTIATE A LASTING PEACE. "IN ANY PEACE," THE
ILLINOIS SENATOR SAID, "THE SOVEREIGNTY OF THE STATE OF ISRAEL
AND ITS PEOPLE MUST BE ASSURED. I HAVE FOUND NO BASIC
DISAGREEMENT WITH THE CARDINAL CONCEPT IN MY TRAVELS
TO DATE IN THE ARAB WORLD, A SIGN OF REAL PROGRESS. A
PEACE SETTLEMENT WOULD ALSO BRING AN END TO DISCRIMINATORY
ECONOMIC PRACTICES SUCH AS THE ARAB BOYCOTT OF FIRMS DOING
BUSINESS WITH ISRAEL, AND RESTRICTION IN THE PASSAGE OF
ISRAELI-FLAG SHIPS AND CARGOES THROUGH THE SUEZ CANAL.
ALL NATIONS WILL BE BENEFITED BY LOWER PRICES AND GREATER
COMPETITION WHEN THESE PRACTICES END.

4. "I HAVE GREAT FAITH IN PRESIDENT SADAT. HE IS AN IMPRESSIVE
LEADER, A REASONABLE MAN, A MODERATE MAN, A MAN DEEPLY
DEVOTED TO HUMANITY AND THE WELFARE OF HIS OWN PEOPLE, A
MAN WHO SINCERELY WANTS PEACE SO THAT HIS COUNTRY CAN
GET OUT FROM UNDER MORE THAN A QUARTER CENTURY OF WAR
CONDITIONS AND GET ON WITH THE BUSINESS OF BUILDING A BETTER
LIFE FOR ALL OF ITS PEOPLE.

5. "THE UNITED STATES, WHICH CONSIDERS ITSELF A FRIEND OF
BOTH EGYPT AND ISRAEL, CAN SERVE AS A VALUABLE GO-BETWEEN
FOR THESE TWO COUNTRIES. ON MY FORTHCOMING VISIT TO ISRAEL,
I INTEND TO CONVEY TO ITS LEADERS THE SINCERE DESIRE FOR PEACE
THAT EXISTS IN THIS COUNTRY AND THROUGH THOSE PARTS OF THE
ARAB WORLD THAT I HAVE VISITED TO DATE. I KNOW ALSO THAT
FINDING A PEACEFUL SETTLEMENT OF THE CONFLICTS IN THE MIDDLE
EAST HAS BEEN MOVED TO A FOREIGN RELATIONS POSITION OF
FIRST PRIORITY BY PRESIDENT FORD, VICE PRESIDENT ROCKEFELLER
AND SECRETARY KISSINGER. I KNOW OF NO INDIVIDUAL MORE
DETERMINED TO FINDING A JUST AND LASTING SETTLEMENT THAN
OUR SECRETARY OF STATE.

6. "I FOUND PRESIDENT SADAT DEEPLY CONCERNED THAT PROGRESS
TOWARD A PEACE SETTLEMENT BE REGISTERED ALSO WITH RESPECT
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PAGE 03 CAIRO 00516 161837Z

TO SYRIA AND TO THE LEGITIMATE RIGHTS OF THE PALESTINIANS."

7. SENATOR CHARLES PERCY SAID HE HAD DISCUSSED DURING HIS
TRIP THE POSSIBILITY OF A LARGE SCALE DEVELOPMENT PROGRAM TO
REBUILD THE EGYPTIAN ECONOMY. PERCY SAID THAT THE IDEAS
WERE NOT ORIGINAL BUT A COMPILATION FROM MANY CONVERSATIONS
HE HAD HAD ON HIS PRESENT MIDDLE EAST FACT FINDING TOUR.

8. "THE CONCEPT" PERCY SAID, "IS TO CONSTRUCT A MULTI-BILLION DOLLAR INTERNATIONAL DEVELOPMENT PROGRAM TO REJUVENATE THE EGYPTIAN ECONOMY OVER THE NEXT FIVE YEARS. THE PROGRAM WOULD BE BASED ON FUNDS MADE AVAILABLE FROM ARAB OIL EXPORTING NATIONS." THE OBJECTIVE OF THE PROGRAM WOULD BE TO REBUILD THE ECONOMIC INFRASTRUCTURE OF EGYPT WHILE PROVIDING THE FOREIGN EXCHANGE NECESSARY FOR THE IMPORTATION OF URGENTLY NEEDED BASIC COMMODITIES. PERCY STATED THAT THE MID EAST WAR ISSUE MUST BE RESOLVED AND THE ECONOMIC INFRASTRUCTURE OF EGYPT MUST BE STRENGTHENED IF LARGE AMOUNTS OF PRIVATE CAPITAL ARE TO BE ATTRACTED TO BUILDING EGYPTIAN INDUSTRY. FURTHERMORE HE SAID, "A COMMODITY IMPORT PROGRAM WOULD ALSO PROVIDE ADEQUATE SUPPLIES OF BASIC ITEMS AT RESONABLE PRICES."

9. "THE PROGRAM," PERCY FELT, "COULD BE ADMINISTERED THROUGH THE WORLD BANK AND SUPPORTED BY THE ARAB OIL EXPORTING NATIONS WITH LARGE INTERNATIONAL MONETARY SURPLUSES, ESPECIALLY THOSE IN THE MIDDLE EAST SUCH AS SAUDI ARABIA WHO I HOPE AND BELIEVE WANT TO HELP THEIR ARAB BROTHERS IN POPULOUS NATIONS WITHOUT LARGE SOURCES OF WEALTH. THE UNITED STATES COULD PROVIDE AND CONTRACT FOR MANAGEMENT SERVICES AND TECHNOLOGY THROUGH THE BILATERAL COMMISSION ESTABLISHED BY PRESIDENT SADAT AND FORMER PRESIDENT NIXON. FURTHER EXPANSION OF THE PLAN MIGHT ALSO INCLUDE THE DEVELOPMENT OF THE RICH AGRICULTURAL POTENTIAL OF THE SUDAN TO PROVIDE FOOD FOR BOTH EGYPT AND SAUDI ARABIA AND FOR EXPORT. THE CONCEPT IN ITS BROADEST TERMS." PERCY SAID, "COULD BE A COMPLEMENTARY REGIONAL ECONOMIC DEVELOPMENT PROGRAM FOR EGYPT, SAUDI ARABIA AND THE SUDAN". PERCY COMMENTED THAT HE INTENDS TO DISCUSS THE CONCEPT WITH ROBERT McNAMARA, PRESIDENT OF THE WORLD BANK, WHEN HE RETURNS TO WASHINGTON AT THE UNCLASSIFIED

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PAGE 04 CAIRO 00516 161837Z

END OF THIS MONTH.
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